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New York

## FINANCIAL NEWS AND COMMENT

**Stock Market Closes Strong  
and Sober After Hila-  
rious Start.**

**MONEY RATES HARDEN**

**Trend Toward Decreased Ac-  
tivity—Banks' Advice  
Apparently Heeded.**

The stock market last week closed strong and sober. It started out the week hilariously. There was then another 2,000,000 share day marked by long advances in some of the industries and a wild public speculation.

There followed a hardening of money rates and a readjustment of many brokerage accounts. Some of the stocks also embarrassed to many. Still other companies have found that the manufacturers have found that the manufacturers have lost their contracts taxed their capacities and abilities. The modification of rifle contracts between the British Government and the Midvale Steel and Ordnance, Remington Arms-Union Metallic Cartridge and Winchester Arms companies last week was a case in point. The British Government wants the rifles, but wants them while the war is on.

The modification of these contracts implies no change of aggressiveness on the part of the Allies toward American munitions. They will buy as rapidly as the goods can be delivered or as they can pay for them. Companies which have lived up to their contracts find the Allies anxious to enter into new contracts for many of the things they have been buying.

**Industrials and the Railroads.**

While Steel common advanced impressively last week and other industrial stocks were active, the railroad shares were again sluggish and for the most part reactionary. There is a demand for the rails, but the demand comes from the few nations who have made large sums from the industry and are looking for safe investments. Railroad shares, behind which are higher equities than ever before, attract some of this money. Yet in this respect the railroad shares find competition in the great offerings of new bonds and the investment demand for them has not yet been sufficient to stimulate purchases.

The trend throughout the week was toward decreased activity. Words of caution uttered by many bankers seem to have been heeded. The turnover on the first four days of the week was approximately 1,000,000 shares, whereas on Monday, The market on Friday and Saturday looked much healthier and sounder accordingly. The technical position was obviously greatly improved. The new week opens with a good prospect for continuation of an orderly advance.

**The Money Situation.**

Call money advanced to 5 per cent., or a higher rate than since the early part of July, when loans were made at 4 per cent. following the publication of an unfavorable bank statement. On many accounts money should be firm from now on. Not only has the public speculation been a great drain upon the banks, but the cost of carrying paper, cotton, tobacco, copper and other commodities has increased in the same ratio with which prices of these commodities have increased. The inventories of merchants, buying heavily in anticipation of a record holiday trade and at high prices faced competition with one another, have taken more money than before. The crops are moving rapidly and temporarily many interior centres are loaned up.

Yet every slight advance in money rates attracts money to this city from some interior points and further loosens the British pursestrings. The banks have begun to take advantage of the opportunities of taking out Federal reserve notes. They can easily obtain more currency at home. But they do not need to look at the home supply. Every little flurry in money which sends the New York rate up to or above the London rate is followed instantly by a report that the British have sold all the gold from Ottawa or Halifax. That was the case last week. The drop in the call money rate to 3½ per cent. Friday was due principally to arrangements for the shipment of gold which is expected to arrive here early this week.

The bank statement shows the surplus reserves down by \$12,000,000 to the lowest amount since the early part of July. But it also showed a healthy contraction of \$12,500,000 in the loan account. Reserves were below the 25 per cent. ratio prescribed for central reserve cities before the institution of the Federal Reserve system. There is, of course, much criticism on the ground of inflation. But the evils of inflation are not likely to be experienced this year, or perhaps not until after the war. The evils of the currency position are matters now for academic discussion; for all practical purposes there is money enough to go around among business men and speculators.

**LAST WEEK'S BOND MARKET.**

**High-Low-Clos-Net—1916—**

Sales. est. est. ing. Ch High Low.

1483 United Kingd. 99 99 99 99

Am. Govt. 99 99 99 99

Am. Bond 99 9